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**UNITED STATES BANKRUPTCY COURT**

**EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION**

In re:

SOUTH LAKES DAIRY FARM,

Debtor-in-Possession.

Case No. 12-17458-B-11

Chapter 11

DC No. KDG-17

Date: September 12, 2013

Time: 9:00 a.m.

Place: United States Bankruptcy Court  
 2500 Tulare Street, Fifth Floor  
 Department B, Courtroom 12  
 Fresno, California

Judge: Honorable W. Richard Lee

**FINDINGS OF FACT IN SUPPORT OF CONFIRMATION OF  
 PLAN OF REORGANIZATION DATED SEPTEMBER 17, 2013**

**I. Introduction<sup>1</sup>**

Confirmation of the *Plan of Reorganization Dated March 20, 2013* ("3/20 Plan"), as modified by the *Modification to Plan of Reorganization Dated March 20, 2013, Before Confirmation* ("Modification to Plan") filed by SOUTH LAKES DAIRY FARM, a California partnership ("Debtor") came on for hearing before the Honorable W. Richard Lee, United States Bankruptcy Court Judge, on September 12, 2013, in Fresno, California, after notice to Debtor, the United States Trustee, the Securities and Exchange Commission, all creditors and

<sup>1</sup> Capitalized terms herein shall have the same meaning as set forth in the Plan unless stated otherwise.

RECEIVED

September 26, 2013

CLERK, U.S. BANKRUPTCY COURT  
 EASTERN DISTRICT OF CALIFORNIA  
 0004970624

1 parties requesting special notice. Jacob L. Eaton, Esq. appeared for Debtor. Craig Barbarosh,  
 2 Esq. and William Freeman, Esq. appeared for Wells Fargo Bank N.A. Don Pool, Esq. appeared  
 3 for J.D. Heiskell & Co. and Golden State Feed & Grain, LLC. Bradley A. Silva, Esq. appeared  
 4 for Seley & Co. Ronald Clifford, Esq. appeared for the Official Committee of Unsecured  
 5 Creditors. Robin Tubesing, Esq. appeared for the United States Trustee.

6 Debtor filed the *Plan of Reorganization Dated September 17, 2013*, which is a  
 7 restatement of the 3/20 Plan that incorporates the Modification to Plan and the changes required  
 8 by the Court at the hearing on confirmation (“the Plan”).

9 The Court reviewed the 3/20 Plan, the *Supplement to Plan of Reorganization Dated*  
 10 *March 20, 2013 – Loan Documents* (“Supplement”), the Modification to Plan, the Plan, the  
 11 *Worksheets for Determining Acceptance of Plan of Reorganization Dated March 20, 2013*, the  
 12 *Amended Worksheets for Determining Acceptance of Plan of Reorganization Dated March 20,*  
 13 *2013, as Modified*, the *Memorandum of Points and Authorities in Support of Confirmation of*  
 14 *Plan of Reorganization Dated March 20, 2013 and Omnibus Response to Objections to*  
 15 *Confirmation*, the *Supplement to Memorandum of Points and Authorities in Support of*  
 16 *Confirmation of Plan of Reorganization Dated March 20, 2013, as Modified*, the *Declaration*  
 17 *of Ryan Schakel in Support of Confirmation of Plan of Reorganization Dated March 20, 2013*,  
 18 the *Supplemental Declaration of Manuel Rodrigues in Support of Confirmation of Plan of*  
 19 *Reorganization Dated March 20, 2013, as Modified*, the *Ballots on Plan of Reorganization*  
 20 *Dated March 20, 2013*, the *Amended Ballots on Plan of Reorganization Dated March 20, 2013,*  
 21 *as Modified*, the *Objections by Seley & Co. to Supplemented Plan of Reorganization Dated*  
 22 *March 20, 2013*, the *Notice of Withdrawal of Objections by Seley & Co. to Supplemented Plan*  
 23 *of Reorganization Dated March 20, 2013*, *J.D. Heiskell & Co. and Golden State Feed &*  
 24 *Grain LLC’s Objection to Confirmation of Plan of Reorganization Dated March 20, 2013, as*  
 25 *Supplemented on June 20, 2013*, the *Notice of Withdrawal of Objection to Plan of*  
 26 *Reorganization Dated March 20, 2013 as Supplemented on June 20, 2013*, the *Opposition of*  
 27 *the Official Committee of Unsecured Creditors to Debtor’s Plan of Reorganization* and  
 28 considered the comments made on the record by counsel for Debtor and other counsel.

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1 After determining (1) that copies of the 3/20 Plan, the Modification to Plan, and the  
2 *Disclosure Statement Dated May 9, 2013* approved by the Court had been served on Debtor,  
3 the United States Trustee, the Securities and Exchange Commission, all creditors, parties in  
4 interest and parties requesting special notice and (2) that the Plan contains modifications to the  
5 3/20 Plan that only benefit unsecured creditors, the Court makes the following findings as more  
6 fully described on the record at the hearing held on September 12, 2013:

7 **II. Findings of Fact and Conclusions of Law**

8 1. The Plan complies with the applicable provisions of Chapter 11 of the  
9 Bankruptcy Code and meets the requirements of 11 U.S.C. § 1129 as more fully described  
10 below.

11 2. The Plan has been proposed in good faith and not by any means forbidden by  
12 law.

13 3. Any payment or promised payment made by Debtor or the estate for the services  
14 or for costs and expenses incurred in connection with the case or in connection with the Plan  
15 and incident to the case have been disclosed to the Court.

16 4. Each holder of a claim or interest of an impaired class that has accepted the Plan  
17 has, or will receive or retain under the Plan, property of a value, as of the Effective Date of the  
18 Plan, that is not less than the amount that such holder would receive or retain if the estate was  
19 liquidated under Chapter 7 on account of such claim.

20 5. The Plan has been accepted by at least one class of claims impaired under the  
21 Plan excluding insiders of Debtor.

22 6. Confirmation of the Plan is not likely to be followed by the liquidation or the  
23 need for further financial reorganization of Debtor.

24 7. All required Court and United States Trustee fees will be paid before the  
25 Effective Date of the Plan.

26 8. The Plan is fair and equitable as it relates to treatment of the following class of  
27 claims that are impaired under the Plan but did not return Ballots or accept the Plan as required  
28 by 11 U.S.C. § 1129(a)(8):

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CLASS SIX Golden State feed & Grain (secured claim)  
CLASS SEVEN J.D. Heiskell (secured claim)  
CLASS EIGHT Seley & Co. (secured claim)  
CLASS NINE Cargill Incorporated (secured claim)  
CLASS TEN Volvo Financial Services

9. Golden State Feed & Grain and J.D. Heiskell & Co. withdrew their objections to confirmation of the Plan and have accepted the Plan.


10. Seley & Co. withdrew its objections to confirmation of the Plan and has accepted the Plan.

11. The Official Committee of Unsecured Creditors withdrew their objection to confirmation of the Plan and has accepted the Plan.

12. Notice of the hearing on confirmation of the Plan was adequate and, based upon the foregoing; good cause appears for the entry of an Order confirming the Plan.

13. The Court will issue a separate Order confirming the Plan and setting specified deadlines as set forth in the Plan.

Dated: Oct 01, 2013

  
W. Richard Lee  
United States Bankruptcy Judge